

**ASX RELEASE**

20 February 2017

**MATERIAL VARIANCE TO HY RESULTS: FAVOURABLE OUTCOME EXPECTED**

**Highlights:**

- SECOS anticipates a significantly improved profit/loss position for the six months ending 31 December 2016, with losses for the period down 31.3%
- Financial improvement driven by disposal of JV equity interests, absence of loss on sale of Bioglobal and ongoing cost control and savings measures
- SECOS continues to address rising demand for sustainable products in the attractive niche markets of films, packaging and waste management

In accordance with ASX Listing Rule 3.1, the Board of sustainable packaging company SECOS Group Limited (ASX: SES, "the Company") is pleased to advise that favourable results are envisaged for the half year ending 31 December 2016.

Subject to the completion of a half-year review by external auditors, SECOS anticipates a significantly improved loss position for the six months ending 31 December 2016 as follows:

Six months to	Dec 2016 \$'000	Dec 2015 \$'000	Variance %	
Revenue from ordinary activities	10,683	11,014	Down	3.0%
Gross profit	748	746	Up	0.4%
Expenditure	2,394	2,852	Down	16.1%
Losses for the period	(1,646)	(2,395)	Down	31.3%

The improvement in the Company's result was driven by:

- the disposal of its 50.8% equity interest in the Akronn Industries joint venture entity
- the absence of a loss on sale of equity interests in Bioglobal Limited from the previous corresponding period
- ongoing cost control and savings measures implemented across SECOS Group

The Company notes significant ongoing progress in its profit/loss result over the prior comparable periods, as outlined below:

Losses from ordinary activities for the half year	\$'000	% change from pcp
December 2016	(1,643)	Down 31%
December 2015	(2,395)	Down 41%
December 2014	(4,083)	

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SECOS Managing Director, Stephen Walters, said:

*“The Group’s net profit improvement over the last three periods and growth in sales in the last quarter shows encouraging signs for SECOS. As the Company continues to address its cost base, we look forward to delivering stronger value to SECOS customers and shareholders.”*

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**About SECOS Group Limited**

**SECOS Group Limited (ASX: SES)** is a leading developer and manufacturer of sustainable packaging materials. Based in Melbourne, Australia, SECOS supplies its proprietary biodegradable resins, packaging products and high-quality cast films to a blue-chip global customer base.

SECOS holds a strong patent portfolio and the global trend toward sustainable packaging is fueling the Company’s growth, bringing FY16 revenue of \$21 million.

The Company’s headquarters and Global Application Development Centre are based in Melbourne, Australia. SECOS has a Product Development Centre and manufacturing plant for resins and finished products in Nanjing, China, with manufacturing plants for high quality cast films in Melbourne and Kuala Lumpur, Malaysia. SECOS’ annual production capacity is 7,200 tonnes of bioplastic resins, 15,000 tonnes of cast film and 2,000 tonnes of blown film and finished products.

SECOS has sales offices in Australia, Malaysia, China and the US, with a network of leading distributors across the Americas, Asia and Europe.

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